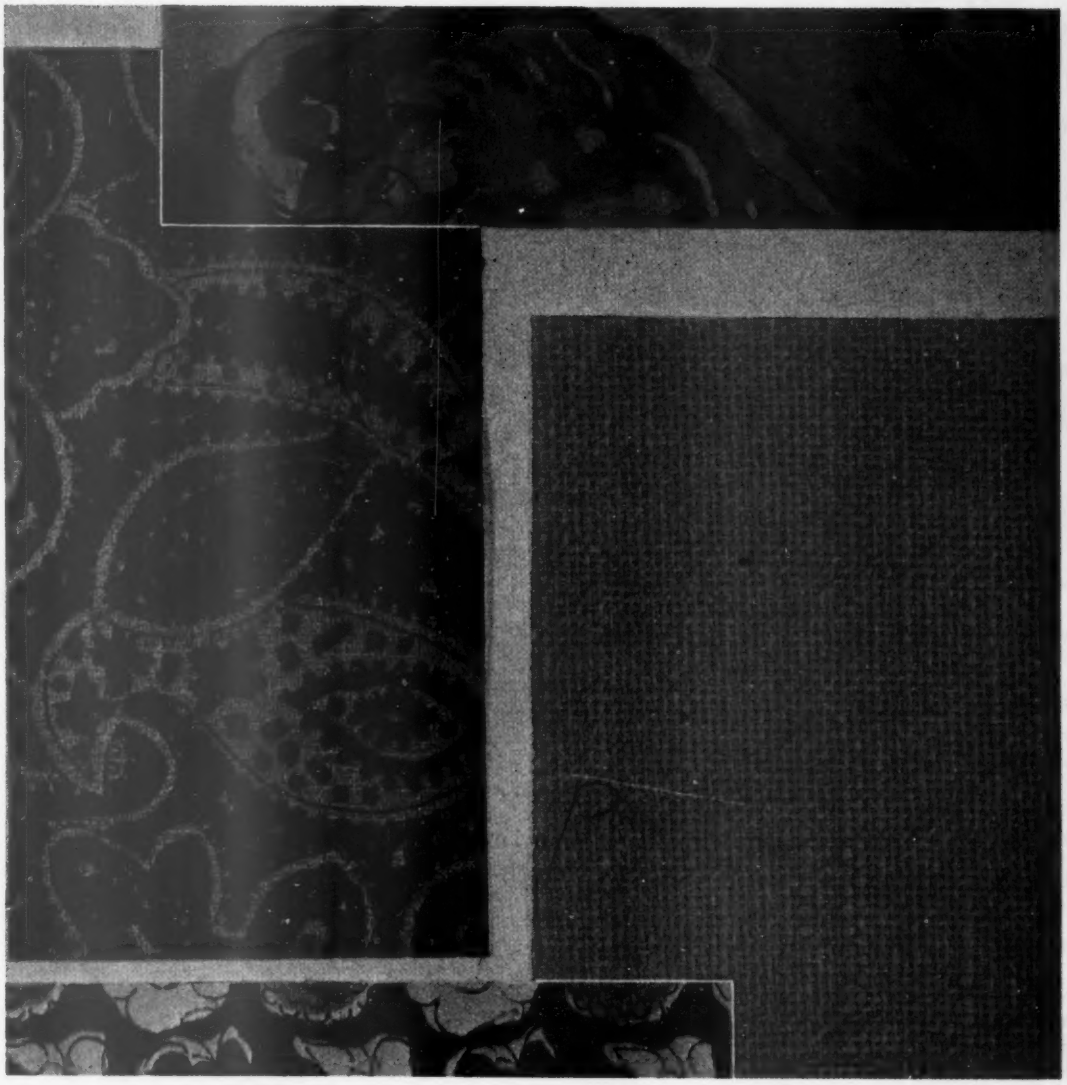
June 10, 1968 mam

FOREIGN AGRICULTURE



June 10, 1968

JUN 21 1968
MIAMI UNIVERSITY LIBRARY

Japan and World Silk Trade

Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

FOREIGN AGRICULTURE

VOL. VI • NO. 24 • JUNE 10, 1968

In this issue:

2 Japan Loses Market for Raw Silk Exports to U.S. and Europe

5 Canada Raises Dairy Price Supports and Subsidies

6 U.S. Soybean Oil Losing in Iran Market
By Enoch Lachinian

8 Japan Cuts Plantings, Seeks New Sources

9 Ecuador's Trade With Eastern Europe Climbs
By William C. Bowser

10 Australian News: Rice and Cotton Regions Expanded

11 Severe Drought Strikes Crops in Ecuador and Peru

12 U.S. Almonds a Treat in Japanese Snacks

13 Mission Says U.S. Cotton Outlook Good in Far East

14 Crops and Markets Shorts

Orville L. Freeman, Secretary of Agriculture
Dorothy H. Jacobson, Assistant Secretary for International Affairs
Raymond A. Ioanes, Administrator, Foreign Agricultural Service

Editorial Staff:

Editor: Alice Fray Nelson; Associate Editors: Janet F. Beal and Elma E. Van Horn; Assistant Editors: Beverly J. Horsley, Faith N. Payne, Mary A. Nicolini, Marcia Sutherland, Mary C. LaBarre.

Advisory Board:

W. A. Minor, Chairman; Horace J. Davis, Anthony R. DeFelice, Kenneth K. Krogh, Robert O. Link, Kenneth W. Olson, George A. Parks, Donald M. Rubel, Dorothy R. Rush, Raymond E. Vickery, Quentin M. West.

Use of funds for printing *Foreign Agriculture* has been approved by the Director of the Bureau of the Budget (June 15, 1964). Yearly subscription rate, $7.00 domestic, $9.25 foreign; single copies 20 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.

Japan Loses Market For Raw Silk Exports To U.S. and Europe

Fine quality Japanese silk is disappearing from U.S. and European wardrobes, but in Japan even the typical office girl has a dazzling silk kimono for her wedding and other festivities. In the past few years Japanese silk production has virtually stood still while domestic demand has boomed, causing prices to rise considerably. Consequently, less and less silk has been available for export, and that at prices foreign buyers have been reluctant to pay.

As a result, the major raw silk importers—the United States and Western Europe—have shifted their buying to countries with larger exportable supplies, usually at lower prices. U.S. imports are coming increasingly from South Korea and Italy, while Europe is buying from Mainland China, where sericulture began more than 2,600 years before the Christian era. In these import markets clothing is generally considered a nondurable consumer item, changing with fashion trends and easily made of fabrics other than silk. Price is an important determining factor in consumption.

In Japan, however, high prices have not turned off the silk boom. Here, a high percentage of the silk produced is used for kimonos, durable items that are often passed down from mother to child. Every young woman wants one for her coming of age ceremony, her wedding, New Year celebrations, and other major events. Even $200 or $300 saved carefully over several years is not too high a price to pay for this prized apparel whose style does not change and whose value is such that it can be pawned against unforeseen expenses.

Ten-year-old boom

The beginning of the boom in Japan's domestic silk consumption dates back almost 10 years to 1959. In that year consumption of raw silk climbed to 200,000 bales (60 kg. or 132 lb.) from 150,000 the year before. Some say the royal wedding early that year had a lot to do with the jump in silk use as women all over the country sought to imitate the dress of the Crown Prince's commoner bride, causing a surge in demand for kimonos. After a setback the following year, silk consumption followed a steady upward trend. Last year it reached 322,406 bales, exceeding domestic production for the first time. This year and next, it is expected to rise another 5 percent.

Experts in the Japanese silk industry cite two reasons for this tremendous increase in silk consumption: income rise and population growth.

The increase in Japan's national income over the past decade has been accompanied by increases in real personal incomes at all levels of the society. As a result, silk has moved out of the luxury class into the wardrobes of the middle class and even the farm villagers. More people can

Above, ukiyoe *(woodblock print) by Ando Hiroshige shows sericulture as it was practiced in 18th century Japan; right, model wears fine silk kimono, cause of the tremendous increase in Japan's silk consumption.*

afford to buy an article of clothing that is not an absolute necessity but is used for special occasions and prized for its quality and beauty rather than for its practicality. A recent survey of 5,129 women throughout Japan showed that of the 84 percent owning silk kimonos, 75 percent wore them fewer than five times a year.

As for population, although the overall rate of increase has slowed in the past few years, the growth of the silk-consuming population has stepped up considerably as a result of the postwar baby boom. Each year 1.2 million young women reach the age of 20, when many of them don the kimono for the traditional coming of age ceremony. The number should remain high for at least another 8 years. Silk's securest position, however, is in the wedding trousseau, and last year 1.2 million couples were wed. Until about 5 or 6 years ago, the number of marriages in Japan had stood at about 800,000 annually.

Production at standstill

While domestic consumption of silk has risen, production has not moved along with it. Last year, output of raw silk totaled 315,435 bales, up from 311,572 the year before but little better than the 314,775 of 1957—before the boom in domestic demand began. The total area in mulberry fields has barely changed in the past 6 years and has declined by over 30,000 hectares since 1957. At 477,800 the number of sericultural farms in 1966 was down from 763,797 in 1957, and cocoon production, at 105,392 tons, fell from 119,454 in the same period.

For several years now the Japanese Government has been trying to encourage farmers to increase cocoon production. In 1966 the Raw Silk Corporation was established by law with this in mind. The Corporation sets a basic cocoon price—based on the government's basic price for raw silk—which is supposed to guarantee farmers at least the cost of production, allowing them to engage in sericulture free from worry over returns.

However, the outlook for any dramatic change in silk output is not encouraging. It is doubtful that production will increase substantially so long as farmers, reelers, and others in the silk industry maintain their cautious attitudes toward expanding output. Wool and synthetics, they say, have forged inroads into the silk kimono market, and the increase in domestic demand for pure silk is unlikely to hold at its present rate. So farmers will not sink money into expanding mulberry plantations, and reelers will not risk buying more equipment. If they continue in this attitude, Japan will never regain the world markets it has lost.

Prices at high level

Because production has not kept pace with increased demand, prices have climbed since 1964, when they averaged $5.45 per pound (4,327 yen per kg.). Earlier this year, they reached a previously unheard of level. The average spot quotation for AA 20/22 raw silk on the Yokohama Exchange in January was $10.06 per pound (7,897 yen per kg.), compared with $8.87 per pound (7,043 yen per kg.) in January 1967. Looking back at 1967 as a whole, the average price was up some 20 percent from that of 1966. Reflecting the surge in raw silk prices, cocoon prices were up some 19 percent, the third substantial rise in as many years although somewhat below the 35-percent increase in 1966.

Since January, prices have fallen off, apparently because of a temporary buildup of stocks in Japan. After a low of $7.84 in mid-April, they turned upward again and are likely to continue rising although they will probably not go as high as the January level. One Japanese tradesman predicted a range of $9 to $9.50.

Perhaps the most significant result of the hand-in-hand increase in silk consumption and price has been Japan's fall

from its position as the world's No. 1 silk exporter and its emergence as a major importer. Exports have fallen to a mere fraction of the 1960 level, while imports—which were nonexistent before 1963—multiplied almost sixfold between 1965 and 1967.

Traditionally a major export

Exports of raw silk helped establish Japan's first trade ties with the Western world. Prior to World War II, the country exported 70-80 percent of the raw silk it produced—and production in 1938 was a whopping 719,205 bales. Between 1920 and 1938 raw silk accounted for an average 36 percent of the value of total exports. Most moved to the United States and Western Europe. World War II not only cut off this trade, but also supported inroads by synthetic fibers into the silk market. Although trade picked up again after the war, it never came close to prewar levels. By the early 1960's only 20-25 percent of a much smaller silk output was being shipped to foreign markets, and last year the proportion dropped to only a bit more than 1 percent. In actual bales this amounted to a decline from 88,323 in 1960 to a mere 3,729 in 1967.

Japan is determined not to let the export market slip out of its hands completely, and to this end government and industry are cooperating to aid exports of raw silk. The Raw Silk Corporation has been authorized to buy silk from reelers and sell it to exporters at fixed prices; the exporter is then obliged to export the amount of silk he has purchased. Since the price the Corporation is permitted to pay reelers is short of the production cost, the silk industry has set up a fund to cover the difference. For January-June 1968, the Corporation was authorized to buy 3,000 bales at 7,000 yen per kilogram ($8.82 per lb.) and sell it to exporters for 7,050 yen (8.88) —the cost plus handling. During this period, reelers received 600 yen per kilogram ($0.75 per lb.) from the export fund, covering the difference between production cost and the Corporation's purchase price.

Meanwhile, imported silk has been moving into the Japanese market to fill the gap between domestic supply and demand. Last year raw silk imports totaled 29,034 bales and in 1966, 18,970 bales. Mainland China has been the biggest supplier, mostly of low-quality silk under Grade D; in 1966 this country provided 11,374 bales. That same year 2,495 bales came in from the Soviet Union, 1,139 from North Vietnam, 821 from North Korea, 590 from Bulgaria, 203 from Yugoslavia, 121 from Italy, and 252 from other sources.

Japan's shift from a net exporter to a net importer of raw silk has meant gains for three other countries—Mainland China, South Korea, and Italy. All three now ship out more silk than the Japanese do.

China's production, exports increasing

Mainland China, long ago the world's only silk exporter, took over the No. 1 spot from Japan in 1965 and is expected to hold onto that position indefinitely. It was from China that silk was carried by camelback over the "silk road" to Greece, Rome—where it was bartered for its equivalent weight in gold—and Japan in the second century A.D. This country remained Europe's sole source until the sixth century, since China forbade the export of silkworms or their eggs under penalty of death. In 552 A.D., however, some eggs were smuggled into Constantinople, which later became the center of Western silk culture.

In 1966 China produced 164,000 bales of raw silk, 28 percent of the world total. Evidence points to considerable expansion of silkworm raising there, with both mulberry and oak leaves, especially the latter, being used as feed. According to Risaku Yamazoe, president of Japan's Central Raw Silk Association, who visited China last year: "Factories either for silk reeling or silk weaving, which were very small before the Liberation, have been much expanded. In a word, the modern industry in China has advanced far beyond what we had imagined before our visit." All the raw silk produced is collected and bought solely by the state procurement agency.

Raw silk exports from Mainland China totaled 65,000 bales in 1965, the latest year for which total export figures are available. Of this, 33,921 went to five Western European countries—France, Italy, Switzerland, the United Kingdom, and West Germany. The following year, these same countries imported 50,642 bales of Chinese silk. China is making great efforts to increase its exports of silk since this commodity goes chiefly to hard currency markets.

European buyers get Chinese silk for about $3 less per pound than the Japanese product. Since Chinese silk cannot enter the United States, this gives European mills a distinct cost advantage in selling their silk fabrics abroad. Demand for silk fabrics is strong enough to support a high price, so the European weavers can sell their fabrics at a price that does not reflect their lower raw material cost.

South Korean industry revives

South Korea has moved into second place as a raw silk exporter even though it produces only about 3 percent of the world total. Sericulture in this country dates back almost 2,000 years. Mechanization of the industry after 1910 led to expanded production, and by 1934 cocoon output reached 23,000 metric tons. World War II, followed by the Korean War, caused severe setbacks. However, foreign demand in the early 1960's helped revive interest in sericulture, and the industry began to expand anew. By 1966 mulberry field area was more than triple the 1960 level, and production of raw silk reached 19,083 bales. Farm cooperatives are taking considerable interest in helping farmers with silk production, supplying them with silkworms and eggs and sometimes buying cocoons from them.

The raw silk industry in Korea is geared pretty much to the export market, which takes some 80 percent of annual production. This has caused problems for the domestic silk textile industry, which finds it difficult to procure enough raw material to keep going. In an effort to meet both the domestic and the foreign demand for silk, the Korean Government, spinners, and weavers have thrown their support behind programs to increase output.

Korea's raw silk exports totaled 14,005 bales in 1966, with the United States its chief foreign buyer. According to U.S. Census figures, the United States imported the equivalent of 10,343 bales of raw silk and tussah (wild silk) from South Korea in 1966.

The price of Korean silk is lower than that of the Japanese product owing to lower production costs. In mid-November 1967 the New York quotation on Korean AA 20/22 silk was $8.95 per pound, while the Yokohama spot price of Japanese silk was $10.46.

Italy: importer and exporter

Italy today ranks as the third largest exporter of raw

silk although it produces less than 1 percent of the world's total and imports a lot more than it exports.

The raising of silkworms has been declining for many years despite government efforts to encourage farmers to stay in the business. Substantial investments have resulted in improvement of the quality of the silk produced, but no increase in the quantity. In 1966 Italy produced 5,928 bales of raw silk, only about one-third its 1956 output of 16,609 bales and less than a quarter of the 26,186 bales it produced in 1952.

To supply the country's expanding throwing and weaving industries, imports of raw silk have risen considerably, reaching over 31,006 bales in 1966. Italy also imports a sizable amount of dried cocoons—almost 1.1 million pounds in 1966. Japan was the principal source of raw silk in the early 1960's; however, in the past several years Mainland China has taken over, supplying 27,017 bales in 1966.

Exports of raw silk, following the trend of production, showed a large setback in the second half of the 1950's and into the early 1960's. They started rising again in 1962, supported by re-exports of imported silk, and totaled 6,382 bales in 1966. The United States is Italy's biggest market, and Italian exports to this country in 1966 totaled some 4,987 bales.

Italian silk compares in price with the Japanese product, rather than with silk from Mainland China or Korea, since Italy does not have the advantage of low production costs enjoyed by these two countries.

Effects in import markets

The effects in the United States of the current high price of silk and the shifts in rank among silk exporters have been markedly different from those in Western Europe. U.S. imports of raw silk declined from 49,537 bales in 1960 to 28,117 in 1966, and imports of silk fabrics dropped from 72.0 million square yards to 29.2 million in the same period. The largest volume of fabrics still comes from Japan although the quantity has declined considerably while that coming from Western Europe has increased. In New York the average price of silk rose from $5.64 in 1964 to $8.10 in 1966. High prices have supported the advancement of manmade fibers in American textile production and have caused output of silk textiles to drop some 10 million yards in the last decade.

In five European countries (France, Italy, Switzerland, the United Kingdom, and West Germany), on the other hand, imports of raw silk increased from 48,367 bales in 1963 to 57,986 in 1966. Output of silk fabrics also went up—from 7.1 million pounds to 7.9 million in the same period. Fabric exports have been fairly steady at an average 3.7 million pounds annually since 1963.—M.A.N.

Canada Raises Dairy Price Supports and Subsidies

Canada's dairy stabilization program for the year beginning April 1, 1968, raises returns to farmers through an increase in direct subsidy payments to manufacturing milk and cream shippers without affecting milk prices at the consumer level. Low volume shippers of milk (less than 12,000 pounds) and cream (less than 420) will be excluded from subsidy this year, but will receive phasing-out assistance.

The 1968-69 program continues the policy of supporting market prices for major dairy products and subsidizing directly the manufacturing milk and cream shippers under quotas established by the Canadian Dairy Commission. The direct subsidy will be increased 10 cents to C$1.31 per hundred pounds of manufacturing milk testing 3.5 percent butterfat, with an equivalent rate for cream.

However, the expanding cost of exporting surplus manufactured milk products will be charged to producers through a 4-cent increase to 15 cents per hundredweight in the deduction from their gross subsidy. The net subsidy added to a market price of about $3.54 will give the producer a return of C$4.70 per hundredweight, an increase of 6 cents from that of 1967-68.

Cream shippers deduction lowered

The deduction from cream shippers for export assistance will be reduced from 3.15 cents per pound butterfat to 1 cent per pound in 1968-69. This reflects the lower cost of exporting products containing butterfat, which are not in serious surplus in Canada.

The butter support at 63 Canadian cents for 40-93 score and 62 cents for 39-92 score butter continues as does basic support for skim milk powder at 20 cents per pound. To improve quality, the Dairy Commission may begin a quality price differential on skim milk powder.

Direct support for Ontario-produced cheese, about 45 percent of the Canadian total and around 80 percent of exports, has been provided by the provincial Milk Marketing Board. The Canadian Dairy Commission is this year beginning to support cheddar cheese on a national basis and has set an export subsidy of 15.5 Canadian cents per pound on cheddar cheese. The cheddar cheese rate is expected to retain the traditional market for aged Canadian cheese in the United Kingdom and encourage exports amounting to approximately 30 million pounds.

The 15.5 cents rate allows for the U.K. devaluation in an amount roughly equivalent to 6.5 cents per pound of cheese. It also covers the previous 2.5 cents per pound provided by the Province of Ontario and the previous federal subsidy of 6.5 cents per pound.

Casein export subsidy dropped

The dried casein export subsidy has been dropped and replaced by a subsidy to Canadian manufacturers on their total production at a rate of 26 cents per pound (23 cents per pound if the casein is not dried in the plant where produced). The purpose is to shift some manufacture of dry skim milk powder into greater output of dried casein for domestic requirements.

Manufacturers were told that a more liberal import policy will be possible with this new subsidy, although import permits are still required. However, few, if any, applications are expected since the Canadian market price has recently run to 45 cents per pound, and total returns to manufacturers for dried casein are well above that level.

—Based on a dispatch from
RICHARD H. ROBERTS
U.S. Agricultural Attaché, Ottawa

Two brands of vegetable-oil shortening in a Tehran supermarket.

U.S. Soybean Oil Losing in Iran Market

By ENOCH LACHINIAN
Director for Iran
Soybean Council of America

The United States is losing a major market for vegetable oil, and especially soybean oil, because of changes in world production and prices of vegetable oils in the last 2 years. Iran, which has a growing consumer demand for vegetable-oil products, as late as 1966 bought about 95 percent of its vegetable oil imports (mainly soybean oil) from the United States. In 1967 Iran bought about 16 percent of its imports from the United States, and U.S. soybean oil was less than 12 percent of total Iranian oil imports.

The big gainer has been sunflowerseed oil from the Soviet Union, Bulgaria, and Romania, which in 1967 accounted for about 60 percent of Iranian vegetable-oil imports. Sunflowerseed oil production has been expanding rapidly in Eastern Europe so that considerable oil is available for export. Prices are much below U.S. soybean oil and are declining.

Vegetable oils are not relatively new products in Iran. A viewer of the 2,500-year-old ruins of Persepolis, the ancient capital of Persia, will see among the bas-reliefs several scenes where vassal rulers are offering vegetable oil to the King of Kings. After the discovery of the New World, cotton and sunflower plants were imported into Persia, and they have now become important in Iran as producers of oilseed for vegetable-oil extraction.

Until about 1950, however, Iran's population consumed mainly animal fats instead of vegetable oils. Since then the use of vegetable-oil products has increased greatly because of insufficient domestic supplies of animal fats to meet the consumption demands of a growing population with an improving standard of living.

Industrial plants for processing imported crude vegetable oil were built after World War II and then greatly expanded in the late 1950's and early 1960's. Facilities for storage and for bulk discharge from ships were constructed. At present, in addition to the vegetable oil it produces itself, Iran imports large quantities of sunflowerseed oil, soybean oil, and cottonseed oil.

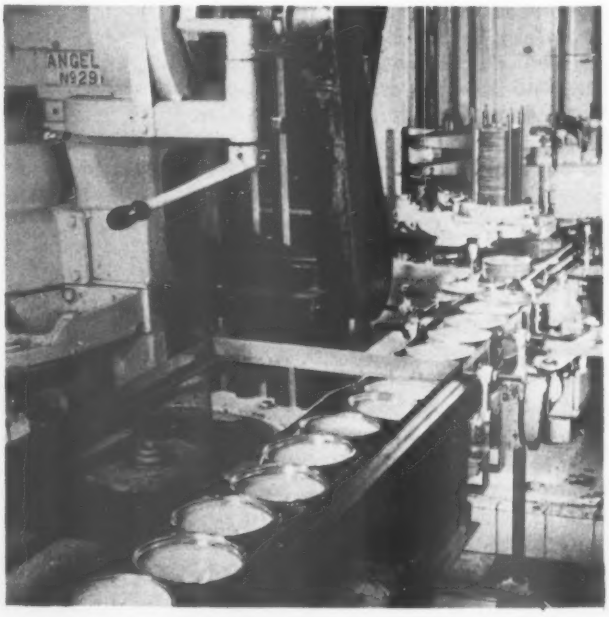
Because of recent improvements in local processing technology, there is no technical preference for one type of crude vegetable oil rather than another in Iran. Particular strides have been made in processing soybean oil.

Almost all crude oil is processed into hardened products to suit local tastes. About half is turned into shortening—the rest into granulated, semiliquid vegetable ghee.

In 1967 about 113,000 metric tons of vegetable oil were consumed in Iran. Approximately 40,000 tons of oil were produced in the country from home-grown oilseed (chiefly cottonseed); about 78,000 metric tons of vegetable oil were imported. Iran also exported 5,000 metric tons of shortening (to Afghanistan and Kuwait).

Imports and prices shift

Up to mid-1966, Iran's vegetable oil imports were almost entirely from the United States and consisted chiefly of soybean oil. Iran in 1966 was the leading dollar market for U.S. soybean oil. Then an abrupt rise of U.S. soybean oil prices stimulated sales in Iran of competitive products—especially sunflowerseed oil. A recent downward trend in U.S. soybean oil prices has not resulted in increased Iranian imports because prices of sunflowerseed oil have also de-



creased. In fact, the price difference has widened in favor of sunflowerseed oil—its prices have dropped more than soybean oil prices. Iran's imports in 1967 are given in the table below.

Iran's present market for crude vegetable oils is affected by two overriding factors—price and Iran's 5-year agreement with the USSR to exchange Iranian-produced consumer goods for 200,000 metric tons (40,000 tons a year) of sunflowerseed oil. Iran also has similar agreements with Bulgaria and Romania to import 5,000 metric tons of sunflowerseed oil yearly from each country. In other words, about two-thirds of Iran's present vegetable oil imports are tied up in bilateral agreements with Eastern Bloc countries. The remaining one-third of edible oil imports are controlled by price and availability rather than type of oil. Some recent price quotations (April 1968) of vegetable oils of different origins may show why Iran buys oil where it does.

In April U.S. soybean oil delivered at Khorramshahr on the Persian Gulf sold for approximately $240 per metric ton. Sunflowerseed oil from the Soviet Union delivered to Now Shahr on the Caspian Sea sold for about $200 per ton. Sunflowerseed oil bought at Rotterdam (a main transshipment point for vegetable oil) cost about $180 per metric ton delivered to Khorramshahr on the Persian Gulf. Most of the sunflowerseed oil sold at Rotterdam originates in Argentina and Eastern Europe. Soybean oil sold at Rotterdam cost about $216 per metric ton delivered to Khorramshahr; it is mainly processed in Europe from U.S. soybeans.

Another price advantage enjoyed by Soviet sunflowerseed oil over U.S. soybean oil is that it costs only $4 per ton to ship oil south from Now Shahr on the Caspian Sea to Tehran; it costs $12 per ton to ship oil north from Khorramshahr on the Persian Gulf to Tehran.

Import prices are extremely important to Iranian vegetable-oil processors because of high support prices for locally grown oilseeds (especially sunflowerseed and soybean) and low consumer prices maintained by the government.

Trading factors

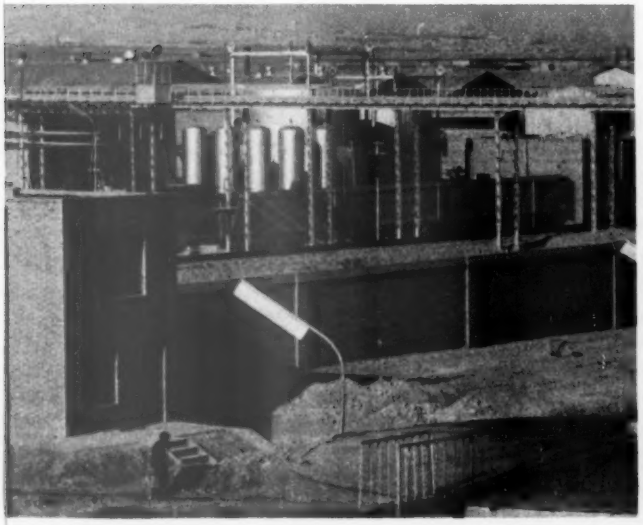
In addition to a lower price than U.S. soybean oil, sunflowerseed oil enjoys other advantages on the Iranian market. For example, prices are negotiated semiannually and do not fluctuate, and price quotations include delivery charges to an Iranian port. Both practices are convenient for the Iranian importer. Even more convenient is the fast delivery (about 1 week after placing an order) from Russian ports on the Caspian Sea such as Baku and Astrakhan. Fast delivery minimizes the need for maintaining large stocks and prevents the immobilization of capital. USSR, Bulgarian, and Romanian sunflowerseed oil arriving at the Caspian port of Now Shahr can be pumped directly from ship to storage tank; vegetable oil arriving at the Persian Gulf port of Khorramshahr must be transferred to barges and transported upriver to storage tanks.

U.S. soybean oil, except for its price, has some potential advantages on the Iranian market. Iranians, while they consider sunflowerseed and other oils satisfactory, feel that U.S. soybean oil has higher sustained quality, and shipments adhere rigidly to specifications of quality and weight.

Another possible advantage that U.S. soybean oil could have on the Iranian market is credit sales, such as those arranged under the Commodity Credit Corporation's export credit sales program. At present no credit terms are available to the Iranian buyer of USSR, Bulgarian, or Romania sunflowerseed oil.

IRAN'S IMPORTS OF VEGETABLE OIL IN 1967

Type and source	Quantity
Sunflowerseed oil:	*Metric tons*
USSR	31,800
Bulgaria	12,000
Argentina	6,000
Romania	3,000
Netherlands	3,000
Total	55,800
Cottonseed oil:	
Mainland China	4,000
USA	2,700
Total	6,700
Soybean oil:	
USA	10,000
Miscellaneous oils:	
Various sources	5,500
All oils	78,000



Far left, cans on conveyor belt in shortening factory; left, modern vegetable-oil processing plant in Tehran. Below, bas-relief at Persepolis.

Report from Tokyo

Japan Cuts Plantings, Seeks New Sources

Japan may well produce less and import more feedgrains and wheat this year in view of an across-the-board reduction in its grain and oilseed plantings. This could benefit the United States, which is by far Japan's largest supplier of these products.

However, the country continues to show interest in diverting its trade in farm products—particularly feedgrains—away from the United States and toward nearby nations in Southeast Asia. A recently formed agricultural development corporation and the foreign section of the Overseas Technical Cooperation Agency will play important roles in this effort, supplying Asian neighbors with inputs and technical assistance necessary to improve their export industries.

Grain production may drop

Declines occurred this year in Japanese plantings of all major grains and oilseeds, and this is expected to bring a leveling off in the country's agricultural output as a whole.

According to the Ministry of Agriculture and Forestry, wheat area declined significantly this year, and the crop has been adversely affected by unfavorable weather conditions (drought and unusually cold weather) in the major producing areas. Assuming normal weather during the rest of the growing season, production may be down 6-15 percent from the 1967 level.

Rice acreage this year is estimated at 8,050,000 acres, slightly less than the 8,063,000 planted in 1967. It is too early to predict the size of this year's crop, since transplanting is just getting underway. However, it is expected to be below last year's record crop, which was grown under extremely favorable weather and produced a yield that was far above normal.

The huge crop in 1967, at 18 million tons of paddy rice, was by far the largest in Japan's history and was sufficient to meet the country's rice requirements for 1968. However, Japan is continuing to import some rice on a small scale for the purpose of helping to balance trade with certain Asian countries. In the future, Japan is expected to import rice whenever needed to bridge the gap between domestic production and the national requirement.

Area planted to six-row and naked barley fell 6-15 percent this year, and that planted to two-row barley dropped 3-5 percent. Drought and cold weather have adversely affected the crop, so production will probably show at least as great a percentage decline as acreage did.

Among the oilseeds, area planted to soybeans in Hokkaido and other prefectures in expected to fall significantly in 1968 from the 1967 level. With normal weather, production will also be down considerably. Area planted to rapeseed declined over 16 percent from the 1967 level, and a similar drop can be looked for in production.

Livestock outlook brighter

Contrasted with grains, livestock is expected to turn in a fairly good performance this year. The Ministry reports that production of eggs will be slightly larger than in 1967, and that of milk may rise 5-6 percent from the 3,660,000 tons produced in 1967.

Hog slaughterings in the first half of 1968 have been considerably less than in the same period of 1967. However, they are likely to pick up sharply during the last half of the year as a result of recent heavy farrowing. Thus, total 1968 pork production should end up at about the 1967 level.

Slaughter of dairy steers raised for beef will rise sharply in 1968, the Ministry says, while slaughter of dairy culls will decline. Total beef production in Japan may increase slightly during 1968 with most of the gain coming in the latter part of the year.

Overseas development pushed

In the trade area, two Japanese agricultural development agencies are now concentrating on expanding farm production in other Asian countries. The emphasis is on feedgrains, which will be sold to Japan in competition with U.S. feedgrains.

First of these agencies is the recently inaugurated Overseas Agricultural Development Company Ltd. According to the *Mainichi Daily News* (May 8, 1968), the new company is sponsored by 24 Japanese firms including four civil engineering firms; eight agricultural equipment or general machinery makers; nine fertilizer and farm chemical producers; two trading houses; and one foreign exchange bank. It was established as Japan's first private venture in agricultural development in Southeast Asia and will supply private farm development projects in this area with technical help and farm inputs.

The *News* report said that the Japanese Government is giving its full support to the company, although it is skeptical about chances for development since the capital-short nations of Southeast Asia have few large-scale private farming projects. The company will supposedly help expand markets for Japanese agricultural equipment and other farm requisites. In turn, Japan will increase its purchases of farm products from these areas.

In addition, the Overseas Technical Cooperation Agency (OTCA)—a government organization under the Ministry of Foreign Affairs—established an agricultural development section in mid-1967. Initial objective of that section is to assist in developing feedgrain production in Southeast Asia. The OTCA plans to establish in these countries stations which would be manned by Japanese agricultural experts and equipped with Japanese farm equipment, fertilizers, and chemicals. To date, the OTCA has sent teams to Indonesia, Cambodia, and Thailand.

The OTCA and the new Agricultural Development Company will undoubtedly work closely in furthering Japan's economic aims in Southeast Asia.

Despite these developments, the United States continues to enjoy a huge farm market in Japan. In calendar 1967, the United States shipped $865 million worth of farm products to Japan. Soybeans accounted for $177 million of this and the major feedgrains—barley, corn, and grain sorghum—for $220 million.

—Based on dispatches from ELMER M. HALLOWELL
U.S. Agricultural Attaché, Tokyo

Bags of cocoa beans being loaded on the Russian cargo ship "Dolmatovo" at the port of Guayaquil.

Ecuador's Trade With Eastern Europe Climbs

By WILLIAM C. BOWSER
U.S. Agricultural Attaché, Quito

Ecuador, in an effort to increase its balances of hard foreign currencies and to expand its export volume, is wooing Eastern European countries and the USSR as possible large markets for its agricultural products. Results at present seem highly favorable to Ecuador.

By November 1967 Ecuador had developed special payments agreements with East Germany, Poland, and Hungary; Czechoslovakia increased its purchases and maintained a trade mission, but had no special payments agreements. Late in 1967 an Ecuadoran trade mission visited Eastern Europe and successfully negotiated potential sales worth $28 million for 1968 and commercial accords with Yugoslavia, Bulgaria, Romania, Czechoslovakia, East Germany, Poland, and Hungary. The main Ecuadoran products to be sold under the agreements were bananas (66,000 metric tons), coffee (22,000 tons), cocoa (2,500 tons), and rice (45,000 tons). In return Ecuador will buy heavy equipment and machinery.

More recently, representatives of Poland's Ministry of Foreign Commerce who visited Ecuador in March 1968 offered to extend credit for the purchase of equipment and materials necessary for Ecuador's electrification plan. The equipment and materials would be paid for eventually in Ecuador's agricultural products. The electrification plan could require an annual investment of up to US$30 million for 10 years.

In January of this year 5,000 metric tons of cocoa beans, valued at about $2.2 million, were shipped to Russia. The sale was the first of Ecuadoran cocoa to the Soviet Union and Ecuador's largest single sale of cocoa beans to any country. Late in March Ecuador sold more cocoa beans to Russia—this time 2,150 tons reportedly worth $1.2 million. In addition, Ecuador's Central Bank announced that it has prepared documents for a payments agreement with the Soviet Union that will be signed when an expected Russian trade delegation arrives in Quito.

Western markets saturated

Ecuador's drive for increased trade with socialist countries has been brought about chiefly by heightened competition for and decreased sales to its more traditional markets. Over 80 percent of Ecuador's foreign exchange earnings result from sales of bananas, coffee, and cocoa, in that order. Coffee is in oversupply on the world market. Ecuador's bananas, which in 1966 accounted for 47 percent of Ecuador's foreign exchange earnings, are meeting increased competition in sales to the United States, which has traditionally been the world's chief banana importer and Ecuador's biggest customer. Central America and Colombia are increasing their banana production by growing more storm- and disease-resistant varieties; also, because of rigidly controlled quality programs and lower transportation costs, Central America has a marketing advantage in the United States.

The United States has traditionally been Ecuador's chief trading partner. In 1965 Ecuador exported goods worth $106 million to the United States and imported U.S. goods worth $78 million. In 1966 exports to the United States dropped to $75.4 million (still 50 percent of its total export trade) and imports from the United States increased to $79.9 million. In 1965, Ecuador shipped 50 percent of its exported bananas to the United States; in 1966, 42 percent; and in 1967, only 38 percent.

At the same time, however, sales of Ecuadoran bananas to West European countries have been increasing. But this gain may be temporary because of the possible implementation of more restrictive measures in the European Economic Community (EEC) against banana imports and because of increased competition from other banana-producing countries.

Ecuador's coffee exports also need help. Ecuador, like other coffee-growing countries, can produce much more coffee than it can sell under the terms and quotas of the International Coffee Agreement (ICA); Ecuador and all other major coffee-exporting and -importing countries are signees. Beginning October 1, 1968, Ecuador is officially limited to selling 45,000 metric tons of coffee to other participants in the International Coffee Agreement for the 1968-69 ICA year. But it is not limited in the amount it can sell to socialist countries. Ecuador hopes to increase its sales of coffee to countries without coffee quotas and has done so in the past year. Of its total coffee sales, the percentages of sales to the United States have decreased during the past 2 ICA marketing years.

Sales of Ecuador's cocoa beans are hampered by competition from large, less expensive marketings of cocoa from several African West Coast countries.

ECUADOR'S TRADE BALANCES WITH CEMA [1] COUNTRIES

Country	1960-64 average			1965			1966			1967[2]		
	Exports	Imports	Trade balance	Exports	Imports	Trade balance	Exports	Imports	Trade balance	Exports	Imports	Trade balance
	1,000 U.S. dol.	*1,000 U.S. dol.*	*1,000 U.S. dol.*	*1,000 U.S. dol.*	*1,000 U.S. dol.*	*1,000 U.S. dol.*	*1,000 U.S. dol.*	*1,000 U.S. dol.*	*1,000 U.S. dol.*	*1,000 U.S. dol.*	*1,000 U.S. dol.*	*1,000 U.S. dol.*
Czechoslovakia	41	557	−516	....	616	−616	101	738	−637	606	603	+3
Bulgaria	....	2	−2	20	2	+18	....	....	....	....	....	....
USSR	....	3	−3	....	4	−4	....	2	−2	....	2	−2
East Germany	....	129	−129	....	363	−363	....	216	−216	147	210	−63
Hungary	....	118	−118	....	139	−139	956	140	−816	574	152	+422
Poland	173	144	+29	30	299	−269	4	270	−266	2,773	409	+2,364
Romania	....	2	−2	....	1	−1	....	3	−3	222	4	+218
Total	214	955	−741	50	1,424	−1,374	1,061	1,309	−248	4,322	1,380	+2,942

[1] CEMA (Council for Economic Mutual Assistance) countries are those listed in the table and Mongolia. Yugoslavia is not a member of CEMA. [2] Preliminary figures.

Favorable turn in eastern trade

As of mid-March 1968, Ecuador had a favorable balance of trade of about US$4 million with Eastern European countries and the Soviet Union. Last year was the first that Ecuador sold more to socialist countries than it bought from them—at the end of 1967 it had a favorable balance of trade of nearly $3 million.

In 1966 Ecuadoran sales to East Europe were only 1,185 metric tons of bananas and 1,380 tons of coffee. In 1967 exports increased to 13,147 tons of bananas, 4,916 tons of coffee, and 535 tons of cocoa beans. Czechoslovakia bought 10,613 tons of bananas and 200 tons of cocoa; Poland bought 4,126 tons of coffee; East Germany imported 2,534 tons of bananas and 100 tons of coffee from Ecuador; Hungary, 690 tons of coffee; and Romania, 335 tons of cocoa beans.

Whether sales to socialist countries will continue their upward trend depends now mainly on the willingness of Ecuadoran importers to increase their present relatively low levels of purchases of East European industrial products, including machinery. However, the president of the National Planning Board of Ecuador has indicated that defensive measures may be taken by Ecuador to insure purchases from those countries to which Ecuador sells its agricultural products. Such measures would operate most against countries with which Ecuador has a trade imbalance, such as Japan and the United Kingdom.

Another possible hindrance to sales to East Europe by Ecuador is that rice has been given an important role in the recent agreements negotiated by the Ecuadoran trade mission in late 1967. East European countries stipulated they would buy as much as 45,000 tons. Because of the 1968 drought in the coastal provinces where rice is grown in Ecuador, this year's rice crop will probably be far too small to provide large exports. Actually, it is more likely that Ecuador will have to import some rice in 1968 to meet its own needs for domestic consumption.

Import-export outlook

Ecuador's long-range goals for trade with East European countries and the Soviet Union were recently spelled out in a speech by the president of the National Planning Board. He said that Ecuador's sales to socialist countries may reach $40 million annually, or one-fifth of the country's total exports, in the near future.

If the share of Ecuador's bananas and coffee exported to the United States continuues to decrease, U.S. exports to Ecuador may also decline. At present the bulk of U. S. sales to Ecuador is industrial products; but important quantities of wheat, tallow, vegetable oils, tobacco and cigarettes, and breeding cattle are sold, too.

Australian News: Rice and Cotton Regions Expanded

The State of Queenland in Australia has had its first rice harvest. The new rice area is on the Burdekin River in the north. The crop will be processed at the Lower Burdekin Rice Producer's Cooperative Association's small mill, which was financed by a loan from the Queensland government.

The present Burdekin crop is estimated at only about 300 to 400 tons (compared with annual production in New South Wales of about 200,000 tons). But with present supplies of water for irrigation, production could be expanded to over 5,000 tons in the near future. Water is the limiting resource in the Burdekin area, where there is ample land suitable for rice cultivation. At present, sugarcane is the chief crop of the region. An advantage of the area is that it is suited to the production of long-grain rice.

The Queensland government is examining a number of proposals for dam sites on the Burdekin River and its tributaries. (For further details on the Burdekin River area, see *Foreign Agriculture*, March 11, 1968, p. 8).

For the first time, cotton is being grown on a large scale in the Macquarie River valley, New South Wales. Most of the crop will come from the Nevertire Irrigation Project. About 4,500 acres were ready for harvesting at the beginning of May, and the output is expected to be about 10,000 bales. To process the crop in the new area, a cotton gin has been built at Warren.

The company (Auscott Pty., Ltd.) who built the new gin at Warren also has large holdings in the Namoi area.

At present, about 75 percent of all Australian cotton is grown in the Namoi River basin, to the northeast of the Macquarie valley. In the past 5 years the Namoi Cotton Cooperative has built five cotton gins, including two that opened last month, to process expanding production.

Severe Drought Strikes Crops in Ecuador and Peru

Southern Ecuador and northern Peru are currently struggling with the most severe drought to hit this region in 50 years. As major crops dry up with thirst, food shortages and farm income losses have caused observers to term the situation in Ecuador of "famine proportions" and that in Peru as "a very serious crisis."

In Ecuador the drought has affected most severely the southern mountain Province of Loja—although coastal Provinces have not been spared—and spurred President Otto Arosemena Gomez to issue a declaration of emergency. Available supplies of food from relief agencies are being rushed by air from Guayaquil to the stricken Provinces, and both Ecuadoran officials and U.S. technicians have set out to evaluate the immediate food needs and longer range problems. As of late April few long-term measures had been taken to solve some of the chronic problems, such as water shortages, although an investigative commission was formed to study and report on the drought conditions.

Rice, cotton, oilseeds hurt

The principal crops affected in Ecuador are rice, cotton, and oilseeds. In addition, considerable pasture damage has already caused cattle losses and is likely to hurt cattle producers in the future.

Rice production from the winter crop —which makes up two-thirds of annual production in a normal year—will be down to an estimated 40,000 tons, milled basis. Added to an anticipated summer crop of 25,000 tons, total rice output for the year will amount to only 65,000 tons, down 35 percent from the 100,000 tons produced in 1967.

The cotton crop, which normally approximates 21,000 to 27,000 bales (480 lb.), reportedly may be down as much as 50 percent. Since Ecuador usually imports some 6,200 to 8,300 bales from Peru and Colombia annually to meet domestic requirements, imports this year could reach 21,000 bales or more.

Output of oilseeds this year may be down one-fourth or more from the 20,000 tons produced in 1967. Most of the fall-off will be in cottonseed and royal palm kernels.

In Peru the stricken area includes parts of the Departments of Tumbes, Piura, Lambayeque, La Libertad, Ancash, and Cajamarca, important producers of rice, sugar, corn, cotton, and livestock. According to a special government commission assigned to study the drought, land planted to all crops will drop some 296,520 acres from the 1967 level, bringing a loss of $56 million in the net value of agricultural production. The resultant reduction in employment of farm workers adds up to 11 million man-days—equivalent to nearly $12 million in income.

Hits cotton, sugar crops

Crops affected most by the drought are rice, long staple cotton (Pima), and sugarcane. Acreage of all three was reduced, yields fell as a result of inadequate irrigation water, and, consequently, production will be down. Current estimates place the reductions in output at 44 percent for rice (see *Foreign Agriculture*, May 6, 1968), 34 percent for cotton, and 22 percent for sugarcane.

To solve immediate problems, as well as to lessen the effects of any future drought in the northern Department, the commission suggested some 37 economic and legislative actions which should be taken by government and private industry. Major ones included declaring the area in a state of emergency, providing credit and extending the period of loan repayments, giving priority to public works projects to change and regulate the flow of northern rivers, employing farm workers in public works projects, reducing the farm work week to 4 days, and eliminating both the 10-percent advance-profit tax on sugar exports and import duties on all items required by farmers in the affected areas.

—From U.S. Agricultural Attaches
WILLIAM C. BOWSER, *Quito*
DALTON L. WILSON, *Lima*

El Salvador's Rice Output Aids Exports

Record milled rice production is estimated for El Salvador in 1967-68—about 41,000 metric tons, or 25 percent greater than the 1966-67 output of almost 33,000 metric tons. Production in 1965-66 was under 23,000 tons.

Rice acreage and production have been generally increasing in El Salvador since 1963-64 because of favorable prices for rice, improved local varieties that make cultivation attractively profitable, and a ready export market due to strong demand for rice by other Central American countries. Recent declines in cotton prices (until this season) have also encouraged a shift of acreage to food crops, particularly corn and rice.

The Salvadoran Ministry of Agriculture anticipates a slight further increase in rice acreage and production in 1968-69; but sharply higher prices for cotton and corn this year will probably prevent much expansion of rice production.

Exports of rice have boomed since production jumped. In 1965 about 2,750 metric tons of milled rice were exported; 6,600 tons were shipped in 1966; and 13,500 tons were exported in 1967. Very small amounts of rough rice were sold outside the country. Honduras and Nicaragua, and Guatemala to a lesser extent, were the chief markets.

Increased rice production and exports do not mean, however, that imports of U.S. rice have decreased. There is considerable demand in El Salvador for high-quality U.S. rice. In 1966, a year when the country had a bumper rice crop, 5,600 metric tons of U.S. rice were imported. In 1967 El Salvador imported 1,900 metric tons of U.S. rice. Salvadoran rice not sold domestically because of sales of imported rice is profitably shipped to neighboring countries where rice wholesale prices are higher than in El Salvador.

Rice prices within the country have been fairly stable in spite of the sharp increase in output in the last 2 years. One reason for the stability is that the Instituto Regulador de Abastecimientos (IRA), the Government stabilization agency, has supported the rice market during the 1967-68 season. By the end of March of this year it had bought nearly 7,000 metric tons compared to 552 tons at the end of March 1967.

Recent Publication.— *World Import Duties and Other Entry Charges on Dairy Products* is a detailed study of entry fees applied to imports of nine dairy products by 100 foreign countries and the United States. Although these charges are constantly subject to change, the ones listed will help potential exporters determine relative access and trade prospects. Request Foreign Agriculture Report No. 131 from Information Services Division, FAS, USDA, Washington, D.C. 20250.

Canadian Grain Team To Eastern Europe

A team sponsored by the Canadian Board of Grain Commissioners left Montreal last month on a visit to wheat-buying nations in Eastern Europe.

The team will study port and grain handling facilities, experimental plots, state farms, and other facilities related to the grain trade.

The five-man team is making the trip in response to invitations to tour the Soviet Union, Bulgaria, Poland, Yugoslavia, Hungary, and Czechoslovakia.

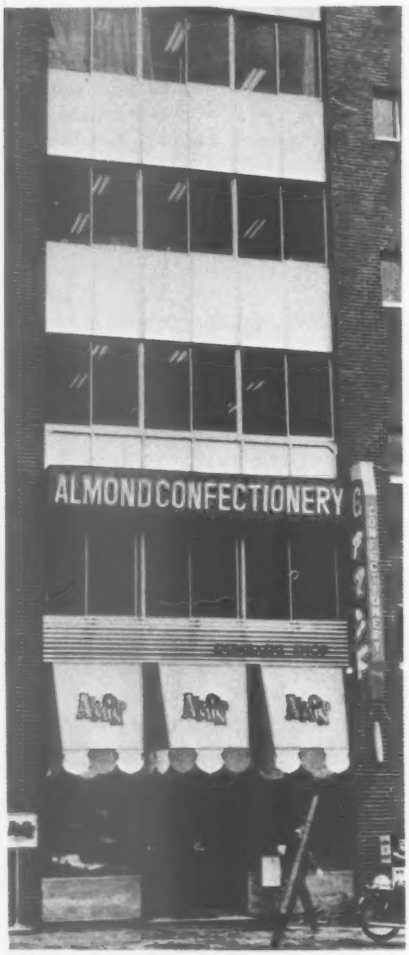
Peru Millers Here

Four Peruvian flour millers wound up a 3-week tour of U.S. wheat producing areas last week. The team was sponsored by Great Plains Wheat and the Foreign Agricultural Service.

Purpose of the trip was to familiarize the millers with the U.S. wheat industry from producing areas to export facilities, including the terminal market, boards of trade, and export elevators.

Peru is a growing commercial market for American wheat. For the first 9 months of the current fiscal year it imported more than 8 million bushels, all for dollars; this compares with more than 6 million bushels of wheat for the same period last year.

U.S. Almonds a Treat in Japanese Snacks



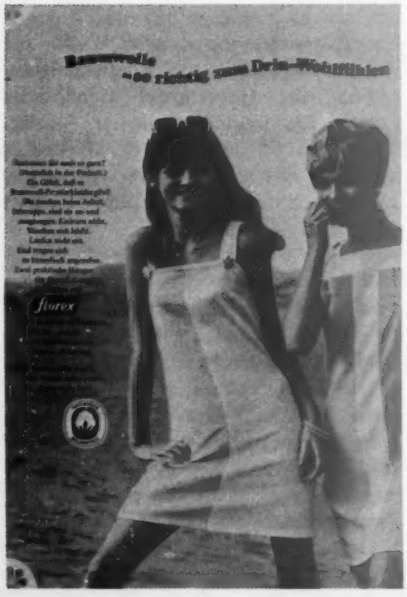
Japanese liking for candy and pastries has paid off in a big way for California almond growers. Japan is now the largest export buyer of California almonds—8 million pounds, shelled basis, last year—using them mostly in snack foods and chocolate bars.

Major buyers are a half dozen large candy companies, all of which make an assortment of almond chocolate bars. A chief exporter and promoter of U.S. almonds in Japan has also achieved major distribution of its line of cocktail almonds, shipped in bulk and packed in Japan.

Promotion of U.S. almonds in Japan is given a sizable boost by Tokyo's chain of 18 Almond Confectionery shops and Japan's popular cooking schools. In an Almond Confectionery (a combination bakery and coffee shop), the English word "almond" is printed nearly everywhere—on boxes, coasters, napkins, chairs, price tags, and even telephones. The cooking schools—attended by nearly all young Japanese girls—teach their students how to use almonds in traditional and western dishes.

Downstairs in a Tokyo Office building is an Almond Confectionery shop, where customers may purchase baked goods and a bite to eat. (Photo from California Almond Growers Exchange)

Cotton Promotion in Canada and Germany



The International Institute of Cotton's campaign for "Cotton Casuals 1968" is in full swing in Europe (see *Foreign Agriculture* January 1, 1968, for details). At left is a full-page ad which appeared recently in a German magazine (note the use of the cotton emblem).

Meanwhile, in another top market—Canada—the Canadian Cotton Council has published a 24-page booklet titled "The Story of Cotton in Canada" describing the country's textile industry and the importance of cotton. In French and English, 40,000 copies have been printed for distribution to schools, women's clubs, libraries, and the like. At right is a picture from its pages. This free of-charge source of information is an important image-builder for the Canadian textile industry, which buys most of its cotton from the United States.

Mission Says U.S. Cotton Outlook Good in Far East

Sales of U.S. cotton in five major Far Eastern markets can be increased to match the developing local economies. To accomplish this, it is important that the cotton be competitive in price, quality, and availability. This message came back recently with the U.S. Cotton Sales Mission to the Far East, a government-industry team that made a 2-week visit to Japan, South Korea, the Republic of China (Taiwan), Hong Kong, and India.

These countries, which are among the top importers of U.S. cotton, normally buy some $250 million worth of it every year, more than half for cash dollars. This is 50 to 60 percent of all the cotton we ship to foreign markets.

The Mission recommended to Secretary of Agriculture Orville L. Freeman that the United States make every effort to capitalize on the expanding marketing opportunities that will develop as per capita consumption in the five countries responds to economic growth.

What was said about U.S. cotton

Importers and mill representatives in all countries except India were generally optimistic about their textile industries' growth possibilities. But all were uneasy over the future of the cotton programs on which supplies and prices of U.S. cotton exports will depend. The Mission told them that the United States is in the cotton business to stay, plans to produce enough cotton to supply both domestic and export demand, and intends to be continuously competitive in price, quality, and quantity.

In all countries, but especially in India, the Mission heard complaints about quality and uniformity in some U.S. shipments. Its reply was that shipments in the future, coming mainly from current crops instead of old-crop stocks, should not have these disadvantages. But, it said, buying on a quality basis and from reliable exporters would prevent the quality problems that result from buying on a price basis alone.

Another complaint, heard everywhere, concerned inadequate packaging. The Mission gave assurance that steps had been taken to improve American packaging. But it pointed out that sampling and handling procedures at ports of entry are often responsible for the poor appearance the American bale may present when it arrives at foreign mills.

All foreign spokesmen said they would be needing longer staple cottons because of the trend toward production of finer yarns. Yet, except in India, all expected to continue needing U.S. short staple varieties too. Some expressed concern over the shift to longer staples in certain traditional U.S. short staple areas. The Mission assured them that the U.S. cotton program is geared to produce and export all the types of cotton that its Far Eastern markets may require.

Users in all five countries said they still may import cottons from countries other than the United States, taking considerations of price, quality, and reciprocal trade into account. However, they noted that when U.S. cotton is competitive in price and quality, they lean toward it because of satisfactory contracting terms, their established relationships with U.S. exporters, and, normally, assurance of continuous supply.

Competition from manmade fibers is stiff in all of the countries. Some foreign spokesmen recommended increased attention by cotton interests to the easy-care market, which blended fibers are invading. All stressed that recent high prices for U.S. medium and long staple cottons have worsened their competitive position with manmade fibers, and that "reasonable and stable" prices would give U.S. cotton a significant boost in the international fiber market.

Mission members were Horace D. Godfrey, Executive Vice President of the Commodity Credit Corporation and Administrator of the Agricultural Stabilization and Conservation Service, team leader; Carl C. Campbell, National Cotton Council, industry association representative; G. C. Cortright, Rolling Fork, Miss., and Claud W. Ayres, Vernon, Texas, producer representatives; Roy B. Davis, Lubbock, Texas, cooperative representative; and Robert D. McCallum, Memphis, Tenn., shipper.

Among the team's recommendations to U.S. cotton people:

- Study the changing textile industries of the Far East and try to produce the types of cotton desired;
- Cut the production costs of U.S. cotton and improve its characteristics and finishes through research and development, to help it compete with other countries' cottons and with manmades;
- Make P.L. 480 procedures more flexible, adapting them to the needs of the countries involved; continue P.L. 480 shipments to countries where they are resulting in increased imports of U.S. cotton;
- Increase the use of Export-Import Bank credits and/or CCC credit for purchases of U.S. cotton; indications are that such credits do materially help American cotton maintain and improve its position in certain Asian markets.
- Continue vigorous market development efforts and strong support of the programs of the International Institute for Cotton and Cotton Council International;
- Watch the quality of U.S. cotton shipments; American shippers should sell only at prices that will enable them to ship contract quality and maintain the reputation of American cotton.

Market promotion suggestions

The Mission had these recommendations on market relationships:

- Send periodical cotton sales missions to important cotton importing countries in the Far East; importers and mills there welcome the opportunity to talk face-to-face with representatives of the American cotton industry, as conversations in each country clearly brought out.
- Provide a few test bales of each important new variety to each significant importing country, for evaluation and planning by cotton interests there;
- Sponsor a visit to the United States next September-October by representatives of importing firms and mills in certain Far Eastern countries. They would be more favorably inclined toward American cotton if they knew more about how it is bred, grown, harvested, ginned, and merchandised;
- Organize a tour of the Far East by the 1969 Maid of Cotton. Indications are that such visits are effective in promoting cotton fashions in that area.
- Promote the assigning of agricultural attaches to Korea and the Republic of China and the extension of consulate privileges to all agricultural officers. The attaches' specialized training and increased status for the officers would both be substantial aids to the Embassy staffs in promoting the use of U.S. agricultural commodities. Also, American shippers and national cotton organizations should step up their efforts to improve relationships with buyers of U.S. cotton in the countries of the Far East.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Between May 21 and May 28, 1968, offer prices were mixed in Rotterdam. U.S. Spring wheat increased 1 cent and Soft Red Winter decreased 2 cents. All others remained unchanged.

The price for Argentine corn increased 3 cents, while that for South African White decreased 2 cents. U.S. corn was unchanged.

A listing of the prices follows.

Item	Week Ending May 28	Week Ending May 21	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.01	2.01	2.18
USSR 121	1.88	1.88	(2)
U.S. No. 2 Dark Northern Spring, 14 percent	1.92	1.91	2.12
U.S. No. 2 Hard Winter, 12 percent	1 1.79	1 1.76	2.02
Argentine	1.88	1.88	(2)
U.S. No. 2 Soft Red Winter	1.58	1.60	1.86
Corn:			
U.S. No. 3 Yellow	1.34	1.34	1.54
Argentine Plate	1.49	1.46	1.54
South African White	1.48	1.50	1.57

1 Used Hard Winter, 13 percent. 2 Not quoted.
Note: All quoted c.i.f. Roterdam and for 30- to 60-day delivery.

Austria Imports More Sunflowerseed Oil

According to Austrian trade statistics, sunflowerseed oil represented 58 percent of total edible oil imports in CY 1967, or about 42,000 metric tons. This compares with 31,000 tons, 44 percent of the total, in 1966. Reportedly, vegetable fats and oils are included as import items in a number of bilateral agreements Austria has with Eastern European countries.

AUSTRIAN EDIBLE OIL IMPORTS

Kind	1967	1968
	1,000 metric tons	*1,000 metric tons*
Coconut oil	12.4	11.7
Cottonseed oil	2.5	1.6
Peanut oil	6.9	5.7
Rapeseed oil	12.0	8.5
Soybean oil	4.0	1.6
Sunflowerseed oil	31.1	42.0
Other	1.1	1.2
Total oils	70.0	72.3

Austrian Central Statistical Bureau.

India Exports Peanut Oil, Mustard, Rapeseed

The Government of India now permits the export of peanut oil on a first-come, first-served basis. The export period extends through September 1968 or until an undisclosed ceiling is reached, whichever is earlier, according to an announcement made on May 14, 1968. Current Indian prices, converted at the official rate of exchange, are much higher than prevailing world market prices.

Exports of mustard and rapeseed are also allowed on the same basis for shipments through March 1969.

Peanut oil and other edible vegetable oils had been banned for export since July 11, 1964. Exports of mustard and rapeseed, while not officially banned, were not allowed in practice due to various export control measures.

Spain Extends Soybean Duty Suspension

The Spanish Government has extended the suspension of import duties on soybeans through July 30, 1968, according to the Spanish Official Bulletin of May 11, 1968. The suspension of soybean import duties has been in effect since December 24, 1964.

West German Canned Cherries Import Tender

On May 14, 1968, West Germany announced an import tender on canned cherries in containers of less than 4.5 kg. (9.9 lb.) from the United States and Canada. Application for licenses may be submitted separately for cherries without sugar or with sugar added until October 31, 1968. Import licenses will be valid until December 31, 1968.

Individual applications should not exceed the total value of licenses granted under the previous tender (published June 23, 1967). Applicants who received licenses for cherries with sugar under the previous tender may apply for cherries with or without sugar up to the level of these licenses. Applicants who received licenses for cherries without sugar under the previous tender may apply for cherries with sugar added for up to 10 percent of the total amount of licenses received under the previous tender.

Netherlands Cocoa Grind Off Slightly

Netherlands cocoa bean grindings during the first 4 months of 1968 totaled 37,350 metric tons, off 1,500 from the similar 1967 period. Dutch cocoa butter trade during January-April remained about at the same level as in the corresponding 1967 months.

Record West German Imports of U.S. Leaf

Imports of U.S. leaf into West Germany in 1967 amounted to 115 million pounds, an increase of almost 12 percent over 1966 imports. Although shipments set a record in 1967, no significant expansion is anticipated in the German market during 1968. A large portion of the increase can be explained by the low level of U.S. leaf stocks at the beginning of 1967 and the unusually large number of shipments at the end of the year to avoid an increased levy under the new value-added turnover tax system.

The record 92 cents average price per pound in 1967 indicates the German industry's increased interest in the higher

grades of flue-cured tobacco owing to the lower nicotine content of these leaves. However, most of the price increase occurred during the purchase of the 1966 crop, since the cost of the 1967 crop did not rise significantly above that of the 1966 crop. U.S. export payments on leaf and barter arrangements under Title III of P.L. 480 have contributed to keeping the cost of U.S. leaf competitive enough to help avoid shifts to substitutes for U.S. leaf.

WEST GERMAN IMPORTS OF UNMANUFACTURED TOBACCO

Item	1963	1964	1965	1966	1967
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*	*Million pounds*
From U.S.	88.3	88.3	94.4	103.2	115.1
Total imports of leaf..	260.0	277.3	297.6	325.6	326.0
Percent U.S.	34	32	32	32	35

West German Tobacco Imports from Asia Up

West Germany, like other major importers of unmanufactured tobacco, has been switching to substitute suppliers since the establishment of economic sanctions against Rhodesia. In 1967 approximately three-quarters of Germany's imports of flue-cured substitutes originated in Far Eastern countries with Mainland China getting the biggest share of the market with shipments of 9.6 million pounds at an average price of $0.27 per pound. Other Far Eastern countries shipping flue-cured to West Germany in 1967 were South Korea, Thailand, Philippines, and Taiwan.

WEST GERMAN IMPORTS OF UNMANUFACTURED TOBACCO FROM THE FAR EAST

Source	1965	1966	1967
	Million pounds	*Million pounds*	*Million pounds*
Mainland China	3.5	6.9	9.6
South Korea	.6	2.3	3.8
Thailand	3.1	6.3	5.4
Philippines	5.7	4.2	5.5
Taiwan	2.3	4.8	5.4

Spain's Tobacco Imports Set Record

Spain's imports of unmanufactured tobacco set a new high last year—74.1 million pounds, compared with 58.3 million in 1966. All major suppliers of tobacco, except the Philippines and Paraguay, shared in the increase.

Brazil, which furnished 26.8 million pounds in 1967, was in first place. Ranking next in importance was the Philippines with 13.4 million. Other suppliers in order of importance were Cuba, the United States, the Dominican Republic, Paraguay, and Colombia.

SPAIN'S TOBACCO IMPORTS

Origin	1966	1967
	1,000 pounds	*1,000 pounds*
Brazil	15,718	26,815
Philippines	15,953	13,384
Cuba	6,904	8,635
United States	3,779	7,760
Dominican Republic	6,058	7,213
Paraguay	6,072	3,505
Colombia	3,559	3,501
Others	258	3,314
Total	58,301	74,127

Spanish Customs Office.

French Tobacco Imports Increase

French tobacco imports in 1967 totaled 121.6 million pounds—up 3.7 percent from the 117.3 million for 1966.

Major sources of French tobacco imports last year, in order of importance and million pounds, included Brazil 17.5, Argentina 16.3, Greece 10.1, Bulgaria 9.2, Colombia 8.6, Romania 7.6, and the United States 6.4.

Average prices paid for tobacco from major suppliers, in terms of U.S. cents per pound, were Brazil, 21; Argentina, 21; Greece, 57; Bulgaria, 46; Colombia, 23; Romania, 19; the United States, 78.

FRENCH IMPORTS OF UNMANFACTURED TOBACCO

Origin	1966	1967	Average 1967 price
	1,000 pounds	*1,000 pounds*	*U.S. cents per pound*
Brazil	23,306	17,513	21
Argentina	12,770	16,310	21
Greece	9,032	10,115	57
Bulgaria	10,396	9,176	46
Colombia	8,851	8,571	23
Romania	3,596	7,577	19
United States	9,751	6,448	78
Malagasy Republic	6,995	4,766	49
China (Mainland)	3,126	3,664	17
Philippines	1,613	3,547	23
Paraguay	3,988	3,439	21
Cuba	2,317	3,439	26
Algeria	....	3,307	27
Poland	5,101	3,086	19
Turkey	2,104	2,571	38
Hungary	2,222	2,116	21
West Germany	615	2,037	5
Indonesia	384	1,867	27
East Germany	....	1,834	18
Cameroon	977	1,135	155
Congo (Brazzaville)	1,092	1,080	48
Malawi	2,577	930	33
Others	6,441	7,093	....
Total	117,254	121,621	33

Mexican Tobacco Trade Drops in 1967

Mexico's 1967 tobacco exports were about 30 percent below those of 1966. The 1967 total was 15.6 million pounds, compared with 22.4 million in 1966. Most of the drop was

MEXICO'S TOBACCO EXPORTS

Destination	1966		1967	
	Light tobacco	All tobacco	Light tobacco	All tobacco
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
United States	2,131	5,691	4,317	6,177
Germany, West	13,362	13,362	5,313	5,313
Belgium	838	932	499	612
Czechoslovakia	....	....	477	477
Uruguay	455	675	463	645
Argentina	736	736	253	253
Others	429	1,028	810	2,124
Total	17,951	22,424	12,132	15,601

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

OFFICIAL BUSINESS

POSTAGE AND FEE PAID
U.S. DEPARTMENT OF AGRICULTURE

To change your address or stop mailing, tear off this sheet and send to Foreign Agricultural Service, U.S. Dept. of Agriculture, Rm. 5918, Washington, D.C. 20250.

recorded in exports of light tobacco (mainly burley). Export destinations in 1967 included the United States (6.2 million pounds) and West Germany (5.3 million).

Imports in 1967 were only 1.3 million pounds against 4.7 million in 1966. The United States supplied most of the imports in both years.

Sweden Imports Fewer U.S. Cigarettes

Imports of U.S.-made cigarettes into Sweden continue to drop. In 1967, Swedish cigarette imports totalled 1,339 million pieces, of which the United States supplied 205 million, or 15 percent. This compares with 303 million pieces from the U.S., or 31 percent of the total, in 1966. As recently as 1964, the United States furnished 85 percent of Sweden's cigarette imports.

Sweden is a member of the European Free Trade Association (EFTA). EFTA countries (particularly Switzerland and Denmark) are benefiting from the elimination of tariffs on imports of tobacco products, effective January 1, 1967. Cigarettes from the United States and other non-EFTA countries are assessed a relatively high duty on entering the Swedish market.

SWEDEN'S IMPORTS OF CIGARETTES

Origin	1965	1966	1967
	Million pieces	*Million pieces*	*Million pieces*
Switzerland [1]	376	392	548
Denmark [1]	97	185	496
United States	450	303	205
Finland [1]	27	52	172
Norway [1]	1	47	90
United Kingdom [1]	19	38	47
Others	14	15	12
Total	984	1,032	1,570

[1] EFTA countries.

Canadian Output of Cigarettes Dips

Production of cigarettes in Canada last year fell for the first time in many years. At 44,924 million pieces, output was down about .5 percent from the 45,131 million in 1966. The drop occurred during the last half of the year.

Sales of cigarettes to consumers, however, showed a small gain in 1967. At 46,865 million pieces they were 1.3 percent larger than the 46,276 million sold in 1966. Sales of all other tobacco products in 1967, except cigars, were a little below 1966 levels.

Dominican Republic's Leaf Exports Up

Exports of leaf tobacco from the Dominican Republic reached 44 million pounds in 1967, 57 percent above the 1966 level of 28 million.

Spain, with purchases of 19.4 million pounds, was the Republic's best customer in 1967. The United States (including Puerto Rico), with 7.6 million pounds, ranked second.

DOMINICAN REPUBLIC'S TOBACCO EXPORTS

Destination	1965	1966	1967	Average export price per lb.
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*U.S. cents*
Spain	13,037	10,295	19,354	19
United States [1]	3,632	1,214	7,604	35
Belgium	6,606	6,294	5,476	30
Germany, West	3,313	3,054	4,495	20
Netherlands	4,844	3,366	2,317	31
Malagasy Republic	37	....	2,317	18
Algeria	344	1,421	952	21
Others	947	2,361	1,561	....
Total	32,762	28,005	44,076	23

[1] Includes Puerto Rico.

Crops and Markets Index

Fats, Oilseeds, and Oils

14 Austria Imports More Sunflowerseed Oil
14 India Exports Peanut Oil, Mustard, Rapeseed
14 Spain Extends Soybean Duty Suspension

Fruits, Vegetables, and Nuts

14 West German Canned Cherries Import Tender

Grains, Feeds, Pulses, and Seeds

14 Weekly Report on Rotterdam Grain Prices

Sugar, Fibers, and Tropical Products

14 Netherlands Cocoa Grind Off Slightly

Tobacco

14 Record West German Imports of U.S. Leaf
15 West German Tobacco Imports from Asia Up
15 Spain's Tobacco Imports Set Record
15 French Tobacco Imports Increase
15 Mexican Tobacco Trade Drops in 1967
16 Sweden Imports Fewer U.S. Cigarettes
16 Canadian Output of Cigarettes Dip
16 Dominican Republic's Leaf Exports Up

★ U.S. GOVERNMENT PRINTING OFFICE : 1968 301-807 (48)